

H.R. 3936, The Federal Response to Energy Emergencies (FREE) Act

Crude oil prices have exceeded the previous record set after Hurricane Katrina hit the Gulf Coast, reaching over \$75 a barrel on the New York Mercantile Exchange. Currently, the average price of a gallon of gas is \$2.91 per gallon, 70 cents more than this time last year. As prices climb, the potential for price gouging increases.

The federal government has the responsibility to investigate price gouging. The problem is the federal government has never accurately defined what price gouging is or given the Federal Trade Commission (FTC) and State Attorneys General the tools to properly prosecute price gouging.

There are currently no federal laws against gas price gouging. The only way that the FTC can even attempt to prosecute unfair pricing is through anti-trust and anti-monopoly laws. To date, the FTC has never brought a gas price gouging case to court. Because the federal government does not have a clear definition of what price gouging is, the FTC can do little more than study the issue. Studies are not enough.

Congress must provide the appropriate tools to investigate and crack down on price gouging and other forms of market manipulation.

- The FREE Act would provide immediate relief to consumers by giving the FTC the explicit authority to investigate and punish those who artificially inflate the price of energy.
- For the first time ever, the FTC would develop a price gouging definition, taking into consideration the guidelines established in HR 3936.
- The FTC would be empowered to exercise this authority at each stage of the energy production and distribution chain, with an emphasis on those who profit most. This new authority would apply to oil, natural gas, home heating oil, crude oil, and propane.
- The bill imposes tough criminal penalties of up to \$100 million for corporations, and fines of up to \$1 million plus jail sentences of up to 10 years for individuals.
- It also would strengthen penalties by providing new civil penalties, with up to triple damages of the profits gained by the violation, directing penalties collected from price gougers to go towards the Low Income Home Energy Assistance Program (LIHEAP).

In a strong show of support for this legislation, over 100 Members have already signed Discharge Petition 109-7, requesting that The FREE Act be given floor consideration. More Members of Congress are adding their name to this cause each week.

Our constituents are looking to Congress for relief. It is our duty to approve legislation that would provide that relief, to protect Americans from the increased financial hardship that price gouging creates.

U.S. Representative Tom Allen

1127 Longworth Building, Washington, D.C. 20515, (202)225-6116 (voice), (202)225-5590 (FAX)

57 Exchange Street, Suite 302, Portland, ME 04101, (207)774-5019 (voice), (207)871-0720 (FAX)

209 Main Street, Suite 103, Saco, ME 04072, (207)283-8054 (voice), (207)283-1725 (FAX)

(888)862-6500, toll free in Maine outside the Greater Portland area

<http://tomallen.house.gov>